

Message Text

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ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

66602

DRAFTED BY: EB/ITP/EWT:MTLORIMER

APPROVED BY: EB/ITP/1325:MTLORIMER

----- 041975

R 011703Z AUG 75

FM SECSTATE WASHDC

INFO AMEMBASSY WARSAW 0000

C O N F I D E N T I A L STATE 181861

FOLLOWING REPEAT GENEVA 6071, SENT SECSTATE, INFO EC BRUSSELS,
JULY 31:

QUOTE C O N F I D E N T I A L GENEVA 6071

E.O. 11652: NA

TAGS: ETRD GATT PL

SUBJ: GATT AND PROSPECTIVE POLISH TARIFF

REF: A) STATE 155060; B) GENEVA 5999; C) STATE 225162, NOV 14,1973

1. MISSION AND MTN OFFICERS MET WITH POLISH COUNSELOR (JODKO) JULY 29, TO CONVEY US VIEWS ON PROSPECTIVE POLISH TARIFF. WE COVERED ALL POINTS REFTELS (A) AND (C), PUTTING PARTICULAR STRESS ON U.S. VIEW THAT NEW POLISH TARIFF (IF THERE IS ONE) BE NON-DISCRIMINATORY. WE NOTED ROMANIAN EXAMPLE HAD SHOWN POSSIBILITY FOR CEMA COUNTRY TO INTRODUCE NON-DISCRIMINATORY TARIFF. WE ALSO OBSERVED THAT POLAND COULD NOT EXPECT TO RECEIVE CREDIT IN MTN BY INTRODUCING AND THEN REDUCING AND BINDING TARIFFS.

2. JUDKO STATED THAT SITUATION WAS THAT TRADE MINISTRY HAD RECEIVED LEGISLATIVE AUTHORITY TO INTRODUCE TARIFF, BUT THERE WAS AS YET NO DEFINITE DECISION TO DO SO. CONCERNING QUESTION OF DISCRIMINATION, HE STATED THAT TRADE WITH OTHER EES WAS SUI-GENERIC, AND THAT THERE
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WOULD BE MAJOR POLITICAL PROBLEMS IN INTRODUCING

TARIFFS AGAINST BLOC COUNTRIES. HE REFERRED TO FORTH-COMING GATT MEETINGS ON FINLAND "FTSS" WITH EASTERN COUNTRIES AND IMPLIED THEY WOULD ESTABLISH PRECEDENT CONCERNING GATT-ABILITY OF FTAS WITH OR AMONG EES. IN VIEW OF PROBLEMS, INTRODUCTION TARIFF WOULD RAISE FOR POLAND (WITH US AND OTHER WESTERN COUNTRIES IF DISCRIMINATORY, WITH EES IF NOT) WE QUESTIONED MOTIVATION FOR POLAND'S CONSIDERING INTRODUCING ONE. JODKO GAVE RATHER INCONCLUSIVE RESPONSE RELATED TO REFORMS AND MANAGEMENT OF ECONOMY. HE NOTED THAT SINCE IT WOULD PROBABLY BE EXPERIMENTAL IF INTRODUCED, POLAND WOULD PROBABLY NOT WANT TO BIND IT. WE POINTED OUT THIS WAS YET ANOTHER REASON WHY IT COULDN'T PROVIDE NEEDED RECIPROCITY IN MTN. HE SUGGESTED THAT THERE WAS INHERENT CONTRADICTION IN U.S. VIEWS. ON THE ONE HAND, WE WERE QUESTIONING WHETHER POLISH TARIFF WOULD BE EFFECTIVE AND ON OTHER HAND WERE EXPRESSING CONCERN THAT SUCH TARIFF MIGHT DISCRIMINATE IN FAVOR OF OTHER EES. WE RESPONDED THAT QUESTION OF EFFECTIVENESS OF TARIFF RELATED TO COMPETITIVE RELATIONSHIP IN POLAND BETWEEN IMPORTED AND DOMESTIC GOODS WHILE QUESTION OF DISCRIMINATION RELATED TO COMPETITIVE RELATIONSHIP AMONG FOREIGN SUPPLIERS. HE SEEMED ACCEPT THIS POINT.

3. JODKO SAID IT WAS VERY USEFUL TO HAVE U.S. VIEWS ON MATTER AT THIS STAGE WHILE QUESTION OF TARIFF STILL UNDER CONSIDERATION IN WARSAW. IN PARTICULAR, WE BELIEVE WE SUCCESSFUL IN IMPRESSING ON HIM HIGHLY ADVERSE REACTION THAT COULD BE EXPECTED FROM U.S. IF AFTER WE HAD MAINTAINED MFN FOR POLAND FOR MANY YEARS, POLAND INTRODUCED TARIFF DISCRIMINATING AGAINST US. HE WAS ALSO OBVIOUSLY CONCERNED ABOUT NATURE OF CONCESSIONS POLAND COULD MAKE IN TOKYO ROUND OTHER THAN ADHERING TO CERTAIN MTN CODES. (HE GAVE STANDARDS AS AN EXAMPLE). WHILE WE WERE NOT ABLE GIVE HIM SPECIFIC SUGGESTIONS ON THIS AT THIS STAGE OF NEGOTIATIONS, WE BELIEVE WE MADE IT COMPLETELY CLEAR TARIFF CONCESSIONS COULD NOT BE THE ANSWER.

4. IN COMMENTING ON POLISH RELATIONS WITH EC, HE LEFT CONFIDENTIAL

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IMPRESSION THAT POLAND REMAINED COOL TO IDEA OF NEGOTIATING TRADE AGREEMENT WITH EC, AND FELT THAT BILATERAL NEGOTIATIONS WITH INDIVIDUAL EC COUNTRIES WAS BEST WAY OF PROCEEDING. IN FACT, HE CONSIDERED QUESTION OF HOW TO FIT CENTRALLY PLANNED COUNTRIES INTO GATT MULTILATERAL FRAMEWORK HAD NOT REALLY BEEN SOLVED, AND THAT BILATERAL AGREEMENTS BETWEEN EASTERN COUNTRIES AND WESTERN COUNTRIES SUCH AS U.S. WERE MOST EFFECTIVE WAY OF ORGANIZING

ECONOMIC RELATIONS. AS AN EXAMPLE HE NOTED THAT AUTHORIZATION FOR OPENING OF LIAISON OFFICES COULD BE NEGOTIATED IN BILATERAL AGREEMENTS BUT COULD NOT BE DONE IN A MULTILATERAL CONTEXT. HE ALSO IMPLIED THAT IN MANY OTHER INSTANCES POLAND COULD GO FARTHER BILATERALLY THAN MULTILATERALLY. HE SEEMED BELIEVE THAT EC MEMBER STATES WERE WILLING NEGOTIATE ON TRADE (WHICH IS COMMISSION PEROGATIVE) AS WELL AS OTHER ECONOMIC MATTERS IN CONTEXT OF "INDUSTRIAL COOPERATION AGREEMENTS". HE SUMMARIZED ARGUMENTS AGAINST NEGOTIATING WITH EC AS A UNIT BY SAYING THAT FOR QRS, CREDITS AND OTHER KEY SUBJECTS, MEMBER STATES RETAIN FULL POWERS AND COMMISSION HAS NO REAL ROLE. WHILE CONTROL OVER TARIFFS IS CENTRALIZED IN BRUSSELS, POLAND IS NOT PRINCIPAL SUPPLIER OF ITS MAIN EXPORTS TO EC AND CAN'T EXPECT MUCH IN THIS FIELD. ONLY OTHER AREA WHERE DECISION MAKING POWER IS CENTRALIZED IN BRUSSELS IS CAP, AND WHILE THIS IS VERY IMPORTANT, HE DOES NOT CONSIDER THIS TO BE AN AREA WHERE THE EC IS PREPARED TO NEGOTIATE.

5. WE SUGGESTED THAT MTN MIGHT BE AN APPROPRIATE VEHICLE TO SOLVE LONG TERM IMPASSE ON DISCRIMINATORY EC QRS ON POLISH EXPORTS, NOTING THAT WE HAD NOTIFIED ILLEGAL QRS IN BILATERAL CONSULTATION PROCEDURES WITHOUT COMPROMISING LONG-HELD U.S. POLICY THAT WE WOULD NOT PAY FOR THEIR REMOVAL. JODKO DID NOT VIEW MTN AS SUITABLE BECAUSE EC WOULD BE UNWILLING TO ACT TO ELIMINATE QRS ON POLAND IN ADVANCE OF ARRANGEMENTS WITH USSR THAT WOULD LEAD IT TO DO SAME FOR SOVIETS. HE SAID HE CONSIDERED QUESTION OF DISCRIMINATORY QRS WAS BASICALLY POLITICAL RATHER THAN ECONOMIC. HE ALSO IMPLIED THAT FACT THAT EC, POLAND'S

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MAIN TRADING PARTNER, DID NOT TREAT POLAND ANY DIFFERENTLY THAN NON-GATT EES RAISED QUESTIONS IN WARSAW AS TO WHETHER POLAND DERIVES ANY BENEFITS FROM GATT STATUS.

6. CONCERNING TIMING OF GATT WORKING PARTY, JODKO STATED OCTOBER 20 PROPOSAL OF SECRETARIAT (REFTEL (B)) HAS BECOME UNSTUCK, AND DATE NOW UNCERTAIN. DALE UNQUOTE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFF NEGOTIATIONS, FOREIGN POLICY POSITION, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE181861
Document Source: CORE
Document Unique ID: 00
Drafter: EB/ITP/EWT:MTLORIMER
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D750267-0452
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750889/aaaadayh.tel
Line Count: 163
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 155060, 75 GENEVA 5999, 73 STATE 225162
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by CunninFX>; APPROVED <20 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GATT AND PROSPECTIVE POLISH TARIFF
TAGS: ETRD, EEWT, PL, US, GATT, MTN
To: WARSAW
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006